

**Restaurant Brands International**

# **How We Uphold Human Rights and Dignity in Our Supply Chains: A Report on Modern Slavery Act Compliance**

2023 Modern Slavery Act Report

## About the Company and Supply Chains

Restaurant Brands International Inc. (“RBI”) is a Canadian corporation headquartered in Toronto, Ontario and listed on the Toronto Stock Exchange (TSX: QSR). We are the sole general partner of Restaurant Brands International LP (“RBI LP”), an Ontario limited partnership listed on the Toronto Stock Exchange (TSX: QSP), which in turn holds the entities that ultimately own and franchise the Tim Hortons®, Burger King®, Popeyes® and Firehouse Subs® brands (the “RBI Brands”) around the world. Consequently, we are one of the world’s largest quick service restaurant companies with more than 30,000 restaurants in over 120 countries and territories as of December 31, 2023.

More than 99% of RBI Brand restaurants are owned and operated by franchisees as of December 31, 2023. RBI Brand franchisees are independent business owners who separately own and operate their businesses and who employ the team members working in their restaurants. We grant franchisees the right to operate restaurants using our trademarks, trade dress and other intellectual property, uniform operating procedures, consistent quality of products and services and standard procedures for inventory control and management. For each franchised restaurant, the relevant RBI Brand generally enters into a franchise agreement covering a standard set of terms and conditions applicable to franchisees, including the requirement for franchisees to comply with all applicable laws in connection with the operation of the restaurant and to purchase products and services from suppliers and distributors approved by the relevant RBI Brand. Indeed, franchisees for each of our RBI Brands are required to order the majority of products used in the operation of their restaurants, including equipment, ingredients, packaging and uniforms, among others, from these approved suppliers and approved distributors.

For clarification, the Burger King®, Popeyes® and Firehouse Subs® brands approve third-party suppliers and distributors for use in their respective systems, and the Burger King® and Popeyes® brands work with supply chain purchasing cooperatives for certain markets. None of the Burger King®, Popeyes® or Firehouse Subs® brands produces goods in Canada or elsewhere or imports goods produced outside Canada; therefore, the entities owning and franchising the Burger King®, Popeyes® and Firehouse Subs® brands are not included in this joint report. However, for our Tim Hortons® business in Canada, which includes Tim Hortons restaurants with a menu that includes premium blend coffee, tea, espresso-based hot and cold specialty drinks, fresh baked goods, including donuts, Timbits®, bagels, muffins, cookies and pastries, sandwiches, wraps, soups and more, we operate a vertically integrated

supply chain in which we manufacture, warehouse, and distribute certain food and restaurant supplies to Tim Hortons restaurants. Tim Hortons also manufactures its own coffee, as well as fillings and fondants for baked goods.

Accordingly, this is a joint report for RBI, RBI LP, and The TDL Group Corp., a British Columbia corporation headquartered in Toronto, Ontario and franchisor of the Tim Hortons® brand in Canada (“Tim Hortons” and together with RBI and RBI LP, the “Company”), which have an obligation to publish a report under Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains* Act. This joint report refers to the fiscal year ended December 31, 2023, and describes the steps taken by the Company in 2023 to prevent and reduce the risk of forced labour and child labour within their operations and supply chain. RBI and RBI LP, as holding companies, substantially rely upon the efforts of Tim Hortons, as the operating business in Canada, for purposes of managing and monitoring its supply chain operations and compliance programs.

The remainder of this report addresses our activities in connection with our vertically integrated Tim Hortons supply chain.

## **Forced Labour and Child Labour Risks**

Identification of business risks, including risks related to human rights in connection with our Procurement and Quality assurance processes, is part of our enterprise risk management procedure (“ERMP”). The Audit Committee of the RBI Board of Directors has oversight over the ERMP, and an assessment is conducted annually and regularly updated and presented to the Audit Committee.

Overall, we have not found that a significant risk of child or forced labour exists in the majority of our Tim Hortons business operations. In certain isolated categories of our supply chain where risks of forced labour or child labour exist, we take steps to assess for and mitigate this risk. These categories are:

- **Coffee** – For our green coffee purchases, Tim Hortons partners with Enveritas, a not-for-profit organization, which provides sustainability assurance for the coffee industry. Tim Hortons also works with local coffee exporters and NGOs to design and implement farmer support and continuous improvement programs in regions where we source our coffee with the aim of improving farmer livelihoods and reducing the risk of social compliance issues in our supply chain.

- **Produce** – For produce purchases for the Tim Hortons restaurants, we only work with approved produce suppliers who have been audited for Good Agricultural Practices (GAP) standards, which include worker health, safety, and treatment.
- **Certain Retail Merchandise and Uniforms** – For certain non-food retail merchandise, including drinkware and stationery, and uniform products manufactured in China, we mitigate risks of forced labour and child labour through audits and close partnership with our suppliers. Additionally, we have enhanced our standard risk assessment process by creating a risk profile for each product that considers its overall approval process, quality assurance information, safety, intended audience, distribution method, supplier history and more. Based on the product’s risk profile, we determine an appropriate auditing approach.

For more information about how we mitigate child and forced labour risks in our supply chain, please see [Due Diligence and Remediation Measures](#).

## Policies

We have adopted a number of policies relating to human rights and ethical conduct and mechanisms for employees to raise concerns related to human rights violations.

Our [Code of Business Ethics and Conduct](#) (Code) outlines our expectations for employer and employee conduct, including human rights at a high level. This policy applies to all employees who work in our global restaurant support centres, field operations team, distribution centres and manufacturing locations. All applicable employees are required to certify that they have read the Code and will comply with its standards on an annual basis.

As a complement to the Code, our [Commitment to Our Team Members](#) provides employees of Company-owned restaurants with an overview of workplace policies. This includes our zero-tolerance policy on forced or involuntary labour and guidelines for young workers that align with local laws. This policy was developed based on the principles of the United Nations Universal Declaration of Human Rights and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.

Similarly, our [Code of Business Ethics and Conduct for Vendors](#) (Vendor Code) sets out our basic requirements for ethical supplier conduct. The Vendor Code covers expectations for working conditions, including zero tolerance for forced labour and a requirement to adhere to all relevant child labour laws and International Labour Organization standards. It also states that suppliers should adhere to the principles in our employee Code. Under the Vendor Code's terms, we retain the right to conduct unannounced audits of supplier facilities or records at any time.

Suppliers and distributors for our approved products are required to comply with the Vendor Code, as stipulated in our terms and conditions of supply and/or distribution, as a condition of doing business with the Tim Hortons® brand. We require approved direct vendors to certify their compliance with our Vendor Code through a self-assessment questionnaire.

It is important to note that the employee Code and Commitment to Our Team Members above do not apply to Tim Hortons® restaurants owned and operated by franchisees or to the employees employed at those franchised restaurants. Our franchisees are, however, legally and contractually required to comply with all applicable labour laws in the jurisdictions where they operate. Failure to comply with relevant laws can lead to termination of their franchise agreement.

We encourage employees of RBI, and suppliers, to report violations of the Code or Vendor Code under our [Whistleblowing Policy](#).

## **Grievance Mechanisms**

Employees of the company and suppliers of Tim Hortons restaurants are encouraged to report violations of either the Code or Vendor Code anonymously via a third-party EthicsPoint hotline, through the RBI intranet portal, or to a supervisor, the chief ethics and compliance officer, a people business partner, or a lawyer in the legal department, as applicable. RBI does not tolerate retaliation against good faith reporting of potential violations. RBI monitors all complaints received through the hotline closely and works to ensure that complaints are investigated and addressed, as appropriate. Complaints received through the hotline are also reported to the Audit Committee of the Board of Directors. Validated violations can result in termination of employment with respect to the Company's employees. See [Due Diligence and Remediation Measures](#) for more information on how we review vendor and/or franchisee compliance.

## Due Diligence and Remediation Measures

RBI follows all labour laws in the jurisdictions in which we operate and investigates any claims of noncompliance that arise, as appropriate. See [Grievance Mechanisms](#) for more information. Since our franchisees are independent business owners, it is their legal responsibility to safeguard against the use of child or forced labour and address all employment-related concerns of their workforce. Legal and regulatory compliance are required conditions under franchisees' contractual relationship with Tim Hortons. In cases where a franchisee is alleged to be violating labour law, we will review the circumstances, and in certain cases, may engage a third-party investigator to assess the allegations. Based on the results of the review or investigation, we will ensure that the franchisee remediates the circumstance or, where appropriate, terminate the franchise agreement.

In our supply chain, we carry out due diligence, in the form of audits, to assess for human rights violations in the categories we have determined are at higher risk for child or forced labour, particularly Coffee and Retail Merchandise and Uniforms. Based on the results of these audits, we remediate any issues that arise.

### Coffee

The coffee supply chain is highly complex, with most of the world's coffee farmers being smallholder, family farms. More than 12.5 million farms globally are under five hectares<sup>1</sup>. The supply chain requires a multilayered approach to increase access for smallholder farmers in the global market. Most buyers of large volumes of coffee, like Tim Hortons, cannot, therefore, feasibly procure directly from individual farms. Tim Hortons purchases its coffee through importers and exporters which liaise between Tim Hortons and coffee farmers to procure coffee within our specifications. Over the past twenty years, we have collaborated with a number of not-for-profits and governmental organizations, including Global Affairs Canada, that work towards promoting sustainable agricultural practices, including aspects that would address the risk of child and forced labour.

To further reduce the risk of child and forced labour, commencing in 2020, we began partnering with [Enveritas](#) to verify 100% of our coffee bean purchases with respect to the 2019-2020 crop year and each year thereafter, under a set of social, economic,

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<sup>1</sup> [Coffee yield stability as a factor of food security](#). (2022).

and environmental indicators, including child labour and forced labour. Enveritas' child labour evaluation looks for three key priorities<sup>2</sup>:

1. Children under the legal minimum working age are not employed;
2. Minors do not engage in dangerous work; and
3. If children help their families, it does not interfere with their access to education.

Its forced labour evaluation also has three components<sup>3</sup>:

1. Workers can leave freely;
2. Workers' spouses and children are not required to work; and
3. Identity papers, payments, or other properties are not withheld to force workers to remain at work.

Enveritas is a non-profit organization that conducts farm-level social assessments, enhanced using geospatial analysis and real time data analytics, of coffee farms and provides buyers with sustainability assurance. Enveritas conducts tens of thousands of these assessments each year, and then aggregates the data using statistical methodologies to evaluate the risk of different sustainability issues for all farms in different geographic areas. They then verify traceability of Tim Hortons' coffee purchase each year and produce scorecards of the sustainability risks in those locations, including child or forced labour. Based on the resulting risk scores, Tim Hortons completes continuous improvement activities that seek to address the identified risks – including supplier engagement, participation in collaborative initiatives, progress transparency, and direct farmer support programs. Enveritas verifies 100% of Tim Hortons' coffee purchases every year and also conducts verifications of a portion of our dry mills every year.

Through exporters and NGOs, using a theory of change methodology, we have designed and implemented farmer support programs at farm-level. These are proven strategies that aim to mitigate poverty and improve the livelihoods of farmers and their families. A key component of this work is mitigation of social compliance issues at the farm level, including child labour risks and improving labour standards.

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<sup>2</sup> Enveritas. (2023). [Sustainability standards for coffee producers](#) (p. 11).

<sup>3</sup> Enveritas. (2023). [Sustainability standards for coffee producers](#) (p. 12).

Examples of our intervention strategies have included opening childcare centres for the children of farmers or farm workers, which includes education and other activities while their parents are working on the farm, implementing Child Labour Monitoring Remediation Systems (CLMRS), a youth climate pioneers program, and training adults on appropriate activities for minors. For the time period beginning January 1, 2021, we have supported over 21,000 farms with farmer support programs.

## **Retail Merchandise and Uniforms**

For our Retail Merchandise and Uniform category, the vast majority of which are sourced from China<sup>4</sup>, we require all approved suppliers and facilities to pass a social compliance audit before production of any product manufactured specifically for a Tim Hortons can begin. For seasonal items and low-volume orders, we review third-party social audits for each facility. For orders of 50,000 units or more, we review existing social audits and commission our own audit. These audits are conducted on-site following SA8000 standards which include a visual inspection, review of documentation, and private interviews of randomly selected employees.

Among other things, auditors look for:

- the presence of child or forced labour;
- that worker health and safety measures are in place;
- that reasonable working hours are being respected; and
- clean, safe facilities for workers.

Social audits are conducted once per year for relevant facilities. If critical non-compliances are found during audits conducted prior to onboarding a new supplier, we will not onboard or work with that supplier. For alleged critical non-compliances in relation to child or forced labour of an existing supplier, we will stop production with that supplier and conduct an investigation to validate the claim. For non-compliances flagged during an audit, we review the documentation. For non-compliances that are flagged outside of an audit, we will request a third-party auditor to carry out a social audit of the facility. For facilities with validated critical non-compliances, we cease production and terminate our contract with that supplier.

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<sup>4</sup> None of our approved uniform or retail merchandise suppliers are based in China's Xinjiang region.



## **Remediation of Loss of Income**

In our high-risk categories, we have not established that vulnerable families have experienced a loss of income at this time.

## **Training**

We conduct quarterly compliance trainings for all corporate employees, which encompasses those in our global restaurant support centres, field operations teams, distribution centres, and manufacturing locations. Each year, one of these quarterly trainings is dedicated to our Code of Business Ethics and Conduct (Code) which includes human rights topics. As part of the training, employees must acknowledge that they have read the Code and will abide by it at all times. We incentivize completion of this training by linking its completion to employee's annual bonuses.

For hourly employees in our distribution centres and manufacturing facilities, we hold an annual in-person training/review on the Code and compliance-related topics. These employees are also required to annually sign a form confirming that they have read the Code and will comply with it. In 2023, over 99% of above-restaurant employees completed compliance training and/or acknowledged having read the Code and agreeing to comply with it.

For our Tim Hortons Coffee Operations team and suppliers, we have partnered with Enveritas to launch a social compliance online training program specifically geared towards identifying social compliance issues at farm level. All our green bean suppliers and their teams have completed and passed the training program, along with our Tim Hortons Coffee Operations team.

## **Assessing Effectiveness**

We are continuing to explore industry best practices and evaluate leading audit methodologies to validate our approach to mitigating modern slavery risk in our business.

In our Retail Merchandise and Uniforms category, we use an industry-standard auditing approach, SA8000. For retail merchandise, we conduct our own social audit, in addition to reviewing existing audit documentation, for orders exceeding 50,000 or more units.

For Tim Hortons' sourcing of coffee, our partner, Enveritas, conducts annual verification during the crop cycle to measure social, economic, and environmental indicators for randomly selected farmers participating in our intervention programs and compares these results with similar data from farmers in the same region who are not participating in the programs. The performance and progress of our implementers are reviewed twice a year, while the effectiveness of their methodology in the field is measured once a year during the harvest cycle. As part of our continuous improvement methodology, we identify areas in our interventions where we may need to adjust. For example, starting in late 2023, we began measuring farmers' satisfaction with the program and the support they are receiving to identify opportunities for improvement.

## **Attestation**

The report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of Restaurant Brands International Inc. In my capacity as a Director of Restaurant Brands International Inc., and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.

I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above. I have the authority to bind Restaurant Brands International Inc.



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### **Ali Hedayat**

Audit Committee Chair  
Lead Independent Director,  
Restaurant Brands International Inc.  
April 25, 2024